BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

Opinions of the Courts Below.

The opinion of the District Court for the Eastern District of Wisconsin (R. 85), is reported in 51 Fed. Supp. 796.

The opinion of the Court of Appeals for the Seventh Circuit (R. 200) is reported in 142 F. 2d 700.

Specification of Errors.

The errors which petitioner will urge if the writ of certiorari is issued are that the Court of Appeals for the Seventh Circuit erred:

1. In setting aside a finding of fact of the District Court supported by evidence, including the testimony of witnesses in open court, which finding of fact was not held to be "clearly erroneous".

2. In disregarding the decisions of this Court that a finding of a district court as to invention is a finding of fact which, if supported by evidence, will not be disturbed by an appellate court.

3. In construing the terms "invented" and "invention" in the statute authorizing the granting of patents (35 U. S. C. A. Sec. 31; Sec. 4886 U. S. Rev. Stat.) so broadly as to include the result of mere mechanical skill, and in ignoring the fact that the term "invention" has for a hundred years been held by this Court to be the antithesis of mere mechanical skill.

Rule 52(a), Rules of Civil Procedure.

The District Court included in its Findings of Fact:

> "2. Jacobson, Plaintiff's assignor, added a transversely operating gathering ram to a standard two-compression press. *This required considerable redesigning*", and
>
> "3. The art relating to baling presses is quite highly developed and the claims of the patent in suit must be narrowly construed in view of the limitations imposed by the prior art. Thus construed, *Jacobson's development constitutes invention.*" (R. 88 and 89),

and in its Conclusions of Law:

> "A. The Patent in Suit is valid." (R. 90.)

The Court of Appeals has held that the Jacobson invention involved merely mechanical skill and is not a patentable invention, and consequently that the patent in suit is invalid. The construction and application of Rule 52(a) therefore is presented as the controlling question in this petition.

For convenient reference, the pertinent portion, *i. e.*, the third sentence, of Rule 52(a) is quoted as follows:

> "Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses."

Reference to U. S. C. A. shows that the said rule, and particularly the third sentence thereof, has been considered and construed in probably more decisions than any other of the Federal rules of Civil Procedure, and that there has been a wide divergence of views concerning its purpose, intent and scope, particularly as to whether the term "Findings of Fact" includes ultimate facts or merely underlying or evidentiary facts.

The Advisory Committee on Rules of Civil Procedure in

its notes regarding the rules which it recommended and which were promulgated by this Court, said regarding Rule 52(a):

> "The rule stated in the third sentence of Sub-division (a) accords with the decisions on the scope of the review in modern Federal equity practice. *It is applicable to* all classes of findings in cases tried without a jury, whether the finding is of a fact concerning which there was conflict of testimony, or of *a fact deduced or inferred from uncontradicted testimony.*"

Consistent with the statement of the Advisory Committee that the third sentence of said rule "accords with the decisions on the scope of the review in modern Federal equity practice", are decisions of several circuit courts of appeal, as for instance the Court of Appeals for the Third Circuit in *Guilford* v. *Biggs*, 102 F. 2d 46, 47, from which the following statement is quoted:

> "* * * The provisions of the new procedural rules that the findings of fact of the trial judge are to be accepted on appeal unless clearly wrong (Rule 52(a), 28 U. S. C. A. following section 723c) is but the formulation of a rule long recognized and applied by courts of equity. *Adamson* v. *Gilliland*, 242 U. S. 350, 37 S. Ct. 169, 61 L. Ed. 356; *Deutser* v. *Marlboro Shirt Co.*, 4 Cir., 81 F. 2d 139, 142; *Sherman* v. *Bramham*, 4 Cir., 78 F. 2d 443; *Miller* v. *Pyrites Co.*, 4 Cir., 71 F. 2d 804; *Suburban Imp. Co.* v. *Scott Lumber Co.*, 4 Cir., 67 F. 2d 335, 90 A. L. R. 330."

To the same effect is the decision of the Court of Appeals for the Ninth Circuit in *Wittmayer* v. *United States*, 118 F. 2d 808, 811, from which the following quotation is made:

> "The provisions of the new procedural rules that the findings of fact of the trial judge are to be accepted on appeal unless clearly wrong (Rule 52(a), 28 U. S. C. A. following section 723c), is but the formulation of a rule long recognized and applied by courts of equity. *Guilford Const. Co.* v. *Biggs*, 4 Cir., 102 F. 2d 46, 47.

> "As was said by Mr. Justice Holmes in *Adamson* v. *Gilliland*, 242 U. S. 350, 353, 37 S. Ct. 169, 170, 61 L. Ed. 356 (citing *Davis* v. *Schwartz*, 155 U. S. 631, 636, 15 S. Ct. 237, 39 L. Ed. 289), the case is preeminently one for the application of the practical rule, that so far as the findings of the trial judge who saw the witnesses 'depends upon conflicting testimony or upon the credibility of witnesses, or *so far as there is any testimony consistent with the finding, it must be treated as unassailable.*' "

In both of the above opinions the Circuit Courts of Appeal cited the decision of this Court in *Adamson* v. *Gilliland*, 242 U. S. 350, 353, in support of the statement that the rule under consideration is "but the formation of a rule long recognized and applied by courts of equity."

The decision in *Adamson* v. *Gilliland* was in a patent case, and the finding of fact in question was "invention." This Court said:

> "* * * Considering that a patent has been granted to the plaintiff the case is preeminently one for the application of the practical rule that so far as the finding of the master or judge who saw the witnesses 'depends upon conflicting testimony, or upon the credibility of witnesses, *or so far as there is any testimony consistent with the finding, it must be treated as unassailable.*' *Davis* v. *Schwartz*, 155 U. S. 631, 636."

As a further instance of the "modern Federal equity practice," to accord with which the rule under consideration was promulgated, the decision of this Court in *United States* v. *United Shoe Machinery Co.*, 247 U. S. 32, 41, contains the following pertinent statement:

> "* * * The testimony was conflicting, it is true, and *different judgments might be formed upon it*, but from an examination of the record we cannot pronounce that of the trial court to be wrong. Indeed, it seems to us to be supported by the better reason. We should

> risk misunderstanding and error if we should attempt to pick out that which makes against it and disregard that which makes for it and judge of witnesses from their reported words as against their living presence, the advantage which the trial court had."

The decision of the Court of Appeals for the Eighth Circuit in *McGee* v. *Nee*, 113 F. 2d 543, 546, is in accord with the note of the Advisory Committee that the finding of fact may be "deduced or inferred from uncontradicted testimony," in that it held that the rule in question contemplated "ultimate" facts, as evinced by the following quotation:

> "But if the court's findings of evidentiary facts were insufficient to support its findings of ultimate facts, that would present nothing for review, because the *findings of ultimate facts* in a jury-waived case, unless shown to be unsupported by evidence, or clearly erroneous in view of the evidence, *are conclusive on appeal*, and an appellate court cannot revise them but can only determine whether they support the judgment."

To the same effect is the following statement by the same Court in *Helvering* v. *Johnson*, 104 Fed. 2d 140, 144:

> "Even in the light most favorable to the Government, this case appears to present a situation where, *the evidence being undisputed, fair-minded men may honestly draw different conclusions. In such a situation a reviewing court will not substitute its judgment for that of the fact finding body, but will accept the ultimate fact as found by it.*"

To the same effect is the decision of the 6th Circuit Court of Appeals in *Jergens Co.* v. *Conner*, 125 F. 2d 686, 689.

However, the Court of Appeals for the Third Circuit in *Kuhn* v. *Princess Lida*, 119 F. 2d 704, 706, takes an opposite view, namely, that ultimate facts are not within

the contemplation of Rule 52(a) as is evident from the following quotation:

> "So long, therefore, as a finding of fact is supported by evidence and is not clearly erroneous, it is to be accepted on appeal as verity.
>
> "The rule does not operate, however, to entrench with like finality the inferences or conclusions drawn by the trial court from its fact findings. And so, while accepting the facts competently found by the trial court as correct, an appellate court remains free to draw the ultimate inferences and conclusions which, in its opinion, the findings reasonably induce.
>
> "The sufficiency of the evidence to sustain a trial court's conclusion or *finding of an ultimate fact remains appropriate matter for an appellate court's consideration.*"

The Seventh Circuit Court of Appeals in *Murray* v. *Noblesville*, 131 F. 2d 470, 474 cites with approval the above decision, and holds:

> "To be sure, where the finding of fact is supported by evidence and is not clearly erroneous, it must be accepted by us, but the rule does not operate to entrench with like finality the inferences or conclusions drawn by the trial court from its fact findings and we are free to draw the ultimate inferences and conclusions which the findings reasonably induce, and where the evidentiary facts are not in conflict or dispute, the conclusions to be drawn therefrom are for the appellate court upon review."

In the instant case the Appellate Court has held that "there is no substantial controversy as to any evidentiary fact" (R. 207) and has set aside the finding of ultimate fact as to "invention" on the ground that it may be determined as a question of law.

There is, therefore, a clear conflict between the Circuit Courts of Appeal for the Sixth and Eighth Circuits, and the Circuit Courts of Appeal for the Third and Seventh

Circuits, as to whether Rule 52 (a) is limited to a finding of evidentiary facts or applies to a finding of ultimate facts.

"Unless Clearly Erroneous."

It has been repeatedly emphasized by circuit courts of appeal that in order that an appellate court may be warranted in setting aside a finding of fact of a district court, it must be convinced that the district court's finding was clearly erroneous. That the appellate court might itself have found an ultimate fact differently from the trial court, or that a finding at variance with that of the trial court might have been reasonably found, does not, within the contemplation of the rule, authorize an appellate court to set aside a finding of fact as clearly erroneous.

The Court of Appeals for the Sixth Circuit in *Andrew Jergens Co.* v. *Conner*, 125 F. 2d 686, 689, held as follows:

> "*Appellants insist that the court's findings are not binding on appeal because they are* legal conclusions or, at most, *ultimate facts* and that they are not supported by any substantial evidence. Where a case is tried by the court, a jury having been waived, *the court's findings upon questions of fact are conclusive upon appeal, no matter how convincing the argument that upon the evidence the findings should have been different* unless there is no substantial evidence to support them. *We are bound by the lower court's findings unless they are clearly erroneous.* Federal Rules of Civil Procedure, rule 52, 28 U. S. C. A. following section 723c."

The Court of Appeals for the Eighth Circuit in *Bostian* v. *Levich*, 134 F. 2d 284, 287, said:

> "*While the trial court might well, no doubt, have reached a different conclusion, we have no right to declare that its findings here are clearly erroneous within the intendment of Federal Rules of Civil Procedure,* rule 52(a), 28 U. S. C. A. following section 723c, and the judgment must accordingly be affirmed."

To the same effect is the following statement of the same Court in *Rait* v. *Federal Land Bank*, 135 F. 2d 447, 451:

> "* * * Rule 52(a), Federal Rules of Civil Procedure, 28 U. S. C. A. following section 723c. On the record before us, we cannot declare the value fixed by the district judge to be clearly erroneous. *The fact that some other equally sustainable result might have been reached on the evidence is beside the point.*"

The same Court in *Storley* v. *Armour & Co.*, 107 F. 2d 499, 513, stated that:

> "* * * *It is not the function of this Court* to retry this case * * * or *to substitute its judgment for that of the trier of the facts* which had reached permissible conclusions."

The Court of Appeals for the Second Circuit in *Corbett* v. *Halliwell*, 123 F. 2d 331, emphasized that Rule 52(a) only permits an appellate court to set aside findings of the trial court when convinced that they are clearly erroneous.

The "modern Federal equity practice," with which the rule under consideration was intended to accord, is set forth as follows by this Court in *Gunning* v. *Cooley*, 281 U. S. 90, 94:

> "* * * Where uncertainty as to the existence of negligence arises from a conflict in the testimony or because, the *facts being undisputed, fair-minded men will honestly draw different conclusions from them*, the question is not one of law but of fact to be settled by the jury. *Richmond & Danville Railroad* v. *Powers*, 149 U. S. 43, 45."

In view of the foregoing authorities, petitioner submits that the Court of Appeals for the Seventh Circuit disregarded the rule under consideration in setting aside the findings of fact of the District Court that "*Jacobson's development constitutes invention*" (R. 89), and "*that the*

claims in question are valid" (R. 87), which it did not hold were clearly erroneous, and holding that Jacobson had merely exercised mechanical skill (which, according to its opinion, might constitute "invention") but had not made a *patentable* invention.

A Finding as to Invention Is One of Fact.

That the finding of the District Court that "Jacobson's development constitutes invention" is one of fact, and therefore not to be set aside by the Appellate Court unless "clearly erroneous," is well-established by decisions of this Court and the lower Federal courts.

This Court in *St. Paul Plow Works* v. *Starling*, 140 U. S. 184, 196, stated that a finding of the lower court that the plaintiff's invention was anticipated, was a finding of fact which could not be reviewed. This Court said:

> "*We cannot review the finding of the Circuit Court that none of the earlier patents put in evidence by the defendant anticipated the plaintiff's invention. Although the defendant excepted to this finding as a conclusion of law, yet it was really a conclusion of fact on the evidence which the Circuit Court had before it.*"

This Court in speaking through Mr. Chief Justice Stone in *Concrete Appliances Co.* v. *Gomery*, 269 U. S. 177, 180, held regarding the question whether the plaintiff's appliance embodied invention:

> "The question thus presented is one of fact."

This Court in *Thomson Spot Welder Co.* v. *Ford Motor Co.*, 265 U. S. 445, 446, held that:

> "* * * *The question whether an improvement requires mere mechanical skill or the exercise of the faculty of invention, is one of fact;* and in an action at law for infringement is to be left to the determination of the jury."

This Court in its comparatively recent decision in *Williams Mfg. Co.* v. *United Shoe Machinery Corp.*, 316 U. S. 364, 367, expressly held that a finding of invention is a finding of fact which will not be disturbed. This Court said:

> "* * * These findings are to the effect that the new combinations, while they involve old mechanical constructions, combine these in a new way so as to produce an improved result. *These are findings of fact*, despite the petitioner's apparent contention to the contrary, and we will not disturb such concurrent findings where, as here, there is evident to support them."

Many of the Circuit Courts of Appeal have held in accordance with the decisions of this Court that a finding of invention is one of fact. In *Minnesota Mining & Mfg. Co.* v. *Coe*, 125 F. 2d 198, 199, the Circuit Court of Appeals said:

> "* * * The court found as conclusions of law that the appealed claims were not inventive or patentable over the references. Strictly, *these are findings of fact*, and should be made as such, in accordance with Rule 52(a) of the Rules of Civil Procedure, 28 U. S. C. A. following section 723c."

The Court of Appeals for the First Circuit in *B. F. Sturtevant Co.* v. *Massachusetts Hair & Felt Co.*, 122 F. 2d 900, 912, held:

> "Since, as already appears, *this question of anticipation is one of fact*, and since upon a careful examination of the record we are unable to find that the master's conclusions with respect to all of these prior art patents are clearly erroneous, it follows that they must be affirmed."

The Court of Appeals for the First Circuit in *National Development Co.* v. *Lawson-Porter Co.*, 129 F. 2d 255, 259, held as follows that a finding of inventive skill is one of fact:

> "*The court below found 'that the plaintiff's device*

> *was the result of the application of inventive skill', and we have no doubt that in this case that finding is one of fact.* The plaintiff's machine, as indicated above, is a highly complex affair and the wording of the patent is such that the services of experts were required to explain it to and interpret it for the court below. Under these circumstances it is not for us to decide the question of patentable invention for ourselves, but to affirm the finding of the district court on that issue unless we are convinced that its finding thereon is clearly erroneous. Federal Rules of Civil Procedure, rule 52(a), 28 U. S. C. A. following section 723c."

The Court of Appeals for the Third Circuit in *Hazeltine Corp.* v. *General Motors*, 131 F. 2d 34, 37, reiterated the law that whether or not a patent shows invention is a question of fact, as follows:

> "*Whether a patent shows invention is a question of fact* and the findings of the trier of fact upon this issue are not to be disturbed unless clearly erroneous or not supported by substantial evidence."

The Court of Appeals for the First Circuit in *Bellavance* v. *Frank Morrow Co.*, 141 F. 2d 378, in a very recent decision held that in view of the decision of this Court in *Goodyear Tire & Rubber Co.* v. *Ray-O-Vac Co.*, 321 U. S. 275, the question of invention is one of fact, and hence affirmed the decision of the District Court, on the question of invention as follows:

> "In the *Goodyear* case there is a statement by three of the dissenting Justices, quoting *Mahn* v. *Harwood*, 112 U. S. 354, 358, decided in 1884, that the question of invention is not one of fact at all but one of law to be decided by the courts. This is not in accord with the categorical statement in the *Thomson Spot Welder Company* case, *supra*, decided in 1924, that 'The question whether an improvement requires mere mechanical skill or the exercise of the faculty of invention, is one of fact; and in an action at law for infringement

is to be left to the determination of the jury.' See also *Hazeltine Corp.* v. *General Motors Corp.*, 131 F. 2d 34, 37 (55 U. S. P. Q. 158, 159-160), and cases cited. But, as I attempted to point out, I now think inadequately, in *Hanovia Chemical & Mfg. Co.* v. *David Buttrick Co.*, 127 F. 2d 888, 889, this statement of the minority is in accord with judicial behavior in a great many cases. However, since *a majority of the court in the Goodyear case obviously treated the question of invention as one of fact*, as we did in the case at bar, we see no reason here to do more than advert again to the confusion in the law with respect to the nature of the question of patentable invention."

In view of the foregoing authorities, petitioner submits that the finding of the District Court that "*Jacobson's development constitutes invention*" was clearly one of fact, and as the Circuit Court of Appeals did not hold such finding to be "clearly erroneous," it should not have refused, under the provisions of Rule 52(a), to accept such fact as found by the District Court.

May "Invention" in Patent Law Be the Result of Mere Mechanical Skill?

The Court of Appeals set aside the finding of fact of the trial court that "*Jacobson's development constitutes invention*," on the erroneous ground that "invention" does not connote patentability (R. 204), and that such finding therefore was not that Jacobson had made a patentable invention but only that he had exercised mere mechanical skill.

The Court of Appeals consequently set aside the finding of fact that "*Jacobson's development constitutes invention*" on the mistaken assumption that "frequently an invention is the result of mere mechanical skill" (R. 204).

U. S. Rev. Stat. Sec. 4886 (U. S. C. Title 35, Sec. 31) defines who may obtain a patent as follows:

> "Any person who has invented or discovered any new and useful art, machine, manufacture, or composition of matter, or any new and useful improvement thereon * * * not known or used by others in this country * * * may, upon payment of the fees required by law, and other due proceeding had, obtain a patent therefor."

If the statutory term "invented" merely means that mechanical skill has been exercised, as stated by the Appellate Court, then the statute in authorizing the granting of a patent to "any person who has invented," authorizes the granting of a patent to one who has exercised mere mechanical skill, provided the factors of novelty and utility are present.

The statute does not require that the novelty must be patentable, but does require that the applicant for a patent must have made an invention.

Presence or absence of invention is the factor which determines whether the novelty is patentable.

The holding of the appellate court that "frequently an invention is the result of mere mechanical skill" is in direct conflict with the recent decision of the Court of Appeals for the Sixth Circuit in *Westinghouse* v. *Powerlite*, 142 F. 2d 965, 966, in which it is stated:

> "The Jennings conception had merit. Our problem, however, is to determine whether it *constituted invention* as that term, so incapable of definition, is applied in the patent law to denote contributions to a given art *beyond the routine skill of the mechanic.*"

The above decision of the Court of Appeals for the Sixth Circuit is in accord with, and the decision in the Court of Appeals for the Seventh Circuit in the instant case is

directly contrary to, decisions of this Court from *Hotchkiss* v. *Greenwood*, 11 How. 248 (1850) to *Detrola* v. *Hazeltine*, 313 U. S. 259, 260, (1940) in which latter decision this Court said:

> "* * * he was not in fact the first inventor, since his advance over the prior art, if any, required only the exercise of the skill of the art."

That the District Court used the term "invention" in its finding of fact in accordance with its well-established definition as meaning a patentable invention, as distinguished from mere mechanical skill, conclusively appears from the conclusion that Jacobson's patent is valid (R. 90). As the only attack made on the validity of the Jacobson patent was that it involved merely mechanical skill, the District Court necessarily used the term "invention" as meaning a patentable invention as distinguished from mere mechanical skill, as otherwise it could not have held that the Jacobson patent is valid.

That the Appellate Court erroneously construed the finding of the District Court that "Jacobson's development constitutes invention" to be a finding that Jacobson had not made a patentable invention but had merely exercised mechanical skill, is further evident from the careful consideration of the defense of lack of invention, including the following statements in the opinion of the District Court (R. 86):

> "* * * It had been the previous experience in baling metal that fins were often formed on one or more sides of the bale, making it more difficult to pile, store, or otherwise handle."
>
> * * * * *
>
> "This last compression is effected within three solid walls which does away with the possibility of metal fins, with the possible exception of one side."
>
> * * * * *

> "* * * Thus construed, I am of the opinion that Jacobson's development constitutes invention."

In view of the foregoing considerations, it is submitted that the District Court in finding that *"Jacobson's development constitutes invention"* (R. 59), found as a fact that Jacobson had not merely exercised mechanical skill but had made a patentable invention, which finding, as it is supported by evidence, should not have been set aside by the Appellate Court.

The decision of the Appellate Court in the instant case that "frequently an invention is the result of mere mechanical skill" (R. 204), is the law of this Circuit until corrected by this Court. The interests of the public and patent owners involved in litigation, of which there is a great deal in the Seventh Circuit, require, it is respectfully submitted by petitioner, that the erroneous decision of the Appellate Court should not be allowed to stand.

A finding of fact of a trial court based upon substantial evidence, that an "invention" has or has not been made by a patentee, should not be set aside, and Rule 52(a) evaded by an appellate court through the erroneous holding that "invention" may be mere mechanical skill.

Conclusion.

For the foregoing reasons, it is urged that this Petition for Writ of Certiorari be granted, and litigants in the Federal Courts advised by this Court as to the scope of Rule 52(a) of the Rules of Civil Procedure, and particularly whether the facts found by a district court, which "shall not be set aside unless clearly erroneous," are

merely evidentiary facts or ultimate facts based upon evidentiary or underlying facts.

Respectfully submitted,

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